



Title: Title I, Payroll/Personnel Manual
Chapter: 28, Section 2, Tax Formulas (TAXES)
Bulletin: TAXES 07-01, Nebraska State Income Tax Withholding
Date: March 28, 2007
To: Holders of TAXES (State of Nebraska only)
Personnel User Groups
T&A Contact Points in Nebraska

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will make the following changes to the state of Nebraska income tax withholdings:

- The annual exemption amount for SINGLE and MARRIED filers will increase from \$1,490 to \$1,530.
- The Single, Head of Household, and Married withholding tables will change.
- The nontaxable biweekly Federal Employees Health Benefits Plan payment and the taxable biweekly fringe benefits statements will be added to the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Government Employees Services Division

Nebraska State Income Tax Information

| | |
|--|--|
| State Abbreviation: | NE |
| State Tax Withholding State Code: | 31 |
| Acceptable Exemption Form: | None |
| Basis For Withholding: | Federal Exemptions |
| Acceptable Exemption Data: | None |
| TSP Deferred: | Yes |
| Special Coding: | None |
| Additional Information: | A state tax certificate is not required since Federal exemptions are used in the computation of the state formula. |

Withholding Formula ►(Effective Pay Period 6, 2007)◄

1. Subtract the ►nontaxable◄ biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment (s) ►(includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions)◄ from the adjusted gross biweekly wages.
3. Add taxable fringe benefits (taxable life insurance, etc.) to the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 27 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute the taxable income.

Exemption Allowance = ►\$1,530◄ x Number of Exemptions

6. Apply the taxable income computed in step 5 to the following table to determine the annual Nebraska tax withholding.

Tax Withholding Table
Single or Head of Household

| If the Amount of Taxable Income Is: | | The Amount of Nebraska Tax Withholding Should Be: | | | |
|--|------------------|--|------|--------|--------------------|
| Over: | But Not Over: | | | | Of Excess Over: |
| \$ 0 | \$ 2,200 | \$ 0 | plus | 0.00% | \$ 0 |
| 2,200 | 4,400 | 0 | plus | ►2.43% | 2,200 |
| 4,400 | 15,500 | 53.46 | plus | 3.38% | 4,400 |
| 15,500 | 22,750 | 428.64 | plus | 5.19% | 15,500 |
| 22,750 | 28,100 | 804.92 | plus | 6.41% | 22,750 |
| 28,100 | 54,100 | 1,147.86 | plus | 6.81% | 28,100 |
| 54,100 | 75,100 | 2,918.46 | plus | 7.04% | 54,100 |
| 75,100 | and over | 4,396.86 | plus | 7.18%◄ | 75,100 |

| If the Amount of Taxable Income Is: | | Married The Amount of Nebraska Tax Withholding Should Be: | | | |
|--|------------------|---|------|-------|--------------------|
| Over: | But Not Over: | | | | Of Excess Over: |
| \$ 0 | \$ 5,250 | \$ 0 | plus | 0.00% | \$ 0 |
| 5,250 | 8,250 | 0 | plus | 2.43% | 5,250 |
| 8,250 | 22,400 | 72.90 | plus | 3.38% | 8,250 |
| 22,400 | 35,400 | 551.17 | plus | 5.19% | 22,400 |
| 35,400 | 42,950 | 1,225.87 | plus | 6.41% | 35,400 |
| 42,950 | 58,250 | 1,709.83 | plus | 6.81% | 42,950 |
| 58,250 | 75,250 | 2,751.76 | plus | 7.04% | 58,250 |
| 75,250 | and over | 3,948.56 | plus | 7.18% | 75,250 |

7. Divide the annual Nebraska tax withholding by 27 to obtain the biweekly Nebraska tax withholding.